



Guidelines for In-Kind Contributions (Attachment E)

In-kind contributions represent the value of non-cash contributions provided by the grantee, public sector agencies and organizations, as well as private organizations and individuals. In-kind contributions may take the form of real property, nonexpendable personal property, and the value of goods and services directly benefiting the ME program. In-kind contributions may be used to fulfill an MDO's match requirements under the VEI program provided that the following three conditions are met:

1. The activity involved is necessary to accomplish the objectives of the proposed project and is reflected in the budget included with the proposal application.
2. There is documentation of a commitment to provide the in-kind contribution as evidenced by a letter from the individual or organization donating the good or service. The amount of the contribution is included in all letters of commitment.
3. There is an appropriate valuation of the in-kind contribution in accordance with the standards outlined below.

Cost Categories

Explanations for cost categories are in relation to implementation of the four core components of the VEI program: Training (Business Plan Development Training & Business Skills Training), One-on-One Technical Assistance, Microloans, and Follow-Up Assistance. In-kind contributions range from support for labor-related costs in the management of the ME program to donations of non-expendable property. Please refer to examples of in-kind contributions provided in some of the categories below.

1. *Personnel* – All staff working for the ME program (full time, part time, or volunteer). The value of the contribution for this category is the sum of amounts valued for salary (a) and fringe (b) (described below).

Example: A partner of the MDO may provide administrative support or mentoring services to the ME program.

- a. *Salaries* – Salary expenses for all staff working for the ME program.
- b. *Fringe Benefits* – Amount that ME staff receive for work-related benefits. This may include: retirement, health insurance, unemployment insurance, life insurance, leave from work, employers' contribution for social security, pension plans, severance pay, etc.

2. *Travel* – Expenses related to travel for the ME program. This may include: lodging costs, parking fees, toll expenses, transportation expenses, etc.
3. *Equipment/Furnishings* – Expenses related to acquisition of non-expendable office equipment and furniture. This may include: photocopier, scanner, fax machine, desks, chairs, lamps, bookcases, etc.
Example: A partner of the MDO provides a used photocopier to the ME program at no cost to the MDO.
4. *Office Expenses* – Expenses associated with daily operation of ME program and may include: photocopies, toner, office supplies, etc.
5. *Contractual* – Expenses related to acquiring the professional services of an individual or firm in support of the ME program. Such expenses may include legal fees, the cost of a financial consultant to provide targeted TA, or audited services.
6. *Occupancy Expense* – The cost of rent for property or equipment. Funds may not be used for unoccupied space. The value of the contribution for this category is based on rental costs and/or the cost of Maintenance and Operation (a) (described below).
Example: A partner of the ME program may provide shared office space rent free within its own business facility to assist the MDO.
 - a. *Maintenance and Operation* - Expenses not included in the cost of rent. Examples: utilities, insurance, security, janitorial services, elevator service, upkeep of grounds, maintenance or repair of property.
7. *Loan Fund* – Funds budgeted for the provision of capital to microentrepreneurs as outlined in the subcategories below:
 - a. *Loan* – Funds budgeted for loans. This amount may be an aggregate of VEI funds as well as funds leveraged from partners. Funds denoted here must be for microloans (\$35,000 or less per individual loan).
 - b. *Loan Loss Reserve* – Funds budgeted for loan losses (anticipated).
 - c. *Grant* – Funds budgeted for potential incentives to businesses or activities, i.e. small award for business plan contest. Note: Funds for this purpose must come from sources other than VEI.
8. *Advertising* - Funds budgeted are for the recruitment of personnel for the ME program, procurement of goods and services, as well as marketing and advertisement of the ME program to outside sources. Examples of advertising media may include: newspapers, magazines, radio/TV programs, direct mail, trade papers, etc.

9. *Communication* – Costs budgeted for telephone calls, courier, postage, fax service, internet, etc.
10. *Subscriptions/Memberships* – Costs budgeted for memberships in professional civic, business, and technical organizations as they relate to ME development. Also, costs budgeted for reference or resource material through subscriptions to civic, business, and technical ME periodicals and journals.
11. *Printing and Reproduction* – Costs budgeted for printing and reproduction services necessary for realizing ME program objectives. This may include: forms, reports, manuals, and informational literature.
12. *Conference/Seminar* – Costs budgeted for registration at ME-related conferences and seminars.
13. *Total* – The amount of all contributions to the ME program for relevant cost categories.

Instructions for Completing the Form

Source of Contribution – Column A

Each provider of the in-kind service or property is listed in this column against the appropriate cost category. Such providers may include other organizations, federal agencies, or contributions from individuals.

Value of Contribution – Column B

The dollar value of the contribution is determined using the methodology below. The appropriate figure is entered in this column next to the relevant cost category.

Valuation Methodology – Column C

The applicant must document its methodology for valuing in-kind contributions as follows:

Services:

In-kind services may be provided by professional and technical personnel, consultants, as well as other individuals. In-kind service may be counted as match if the service is an integral and necessary part of the ME program. In ascertaining the value of a particular contribution, it is important to distinguish between support provided by individual service providers (i.e. technical personnel, consultants, other professionals) and volunteers provided by organizations. The methodology for determining the value of a service is described below:

- ***Rates for individual service providers:*** Rates for individual service providers should be consistent with those paid for similar work in other work activities of the grantee. In those instances in which the required skills are not found within the grantee organization, rates should be consistent with those paid for similar work in the labor market in which the grantee competes for the kind of service offered.
- ***Rates for services provided by organizations:*** When an employer furnishes the services of an employee, these services shall be valued at the employee's regular rate of pay (exclusive of fringe benefits and overhead cost) provided these services are in the same skill for which the employee is normally paid.

Expendable Personal Property: Donated expendable property includes such items as expendable equipment, office supplies or workshop and classroom supplies. Values assessed to expendable personal property included as a match to the VEI grant should be reasonable and should not exceed the fair market value of the property at the time of donation. If the expendable personal property is on loan (i.e. equipment), the value of the loan is based on the fair rental value of what is being offered.

Non-expendable Personal Property, Buildings, and Land or, Use Thereof: The method used for claiming a match for donated non-expendable personal property, buildings and land may differ depending on the intended use of the donation by the VEI site. Determining the value of non-expendable property may be accomplished as follows:

- ***Permanent Use*** – If the donated equipment, land, or building(s) will be used by the MDO permanently (assuming ownership), the total value of the donated property may be claimed as a match. The value of the donation may not exceed the fair market value of the property of the same age and condition at the time of donation to the MDO. This assessment will be done by an independent appraiser and certified by a responsible official of the MDO.
- ***Temporary or Part-time Use*** - If the loaned equipment, land, or building will be used by the MDO on a temporary or part-time basis, the value of the loan is based on the fair rental value of what is being donated. If office space is being offered, the value of the donated space shall not exceed the fair rental value of comparable space as established by a survey of three or more privately-owned buildings in the same locality.